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VILLAGE OF SHOULY ISLAND, LOUISIANA
GENERAL PURPOSE FINANCIAL STATEMENTS
YEAR ENDED
JUNE 30, 1987 AND 1988
WITH
INDEPENDENT AUDITOR'S REPORT

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the auditor, or reviewed, orally and other appropriate public officials. The report is available for public inspection at the State House office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

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INDEPENDENT AUDITOR'S REPORT

Mayor and Board of Aldermen
Village of Sicily Island
Sicily Island, Louisiana

We have audited the accompanying general-purpose financial statements that do not include a statement of revenues, expenditures and changes in fund balances - budget and actual for the General Fund of the Village of Sicily Island, Louisiana, as of and for the year ended June 30, 1997, as listed in the Table of Contents. These general-purpose financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general-purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The Village did not adopt a budget for its General Fund for the fiscal year ended June 30, 1997, as required by state law. Disclosure of the Village's failure to adopt such legally required budgets is required by generally accepted accounting principles.

In our opinion, except for omission of the information discussed in the preceding paragraph, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Village of Sicily Island, Louisiana, as of June 30, 1998, the results of its operations of such funds and cash flows of its proprietary fund types for the year then ended, in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated June 8, 1998 on our consideration of the Village of Sicily Island's internal control structure and a report dated June 8, 1998 on its compliance with laws and regulations.

Our audit was conducted for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The combining, individual fund, and account group financial statements and schedules, as listed in the Table of Contents, are presented for purposes of additional analysis and are not a required part of the general-purpose financial statements of the Village of Sicily Island, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements, and in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

The financial information for the previous year, which is included for comparative purposes, was taken from the financial report for that year in which we expressed an unqualified opinion.

Attest: M. S. Sweeney & Company, LLP

Natchez, Mississippi
June 8, 1998

GENERAL-PURPOSE FINANCIAL STATEMENTS
(Combined Statements - Overview)

VILLAGE OF SICILY ISLAND, LOUISIANA
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 1997
WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 1996

	<u>Governmental</u> <u>Fund Types</u>		<u>Proprietary</u> <u>Fund Types</u>	<u>Account</u> <u>Groups</u>	<u>Totals</u> <u>(Governmental and)</u>	
	<u>General</u>	<u>Capital</u> <u>Projects</u>	<u>Enterprise</u>	<u>General</u> <u>Fund</u> <u>Assets</u>	<u>1997</u>	<u>1996</u>
ASSETS						
Cash	\$ 34,783	\$	\$ 17,770	\$	\$ 72,553	\$ 83,339
Temporary investments	142,419		17,000		160,008	143,811
Accounts receivable, net of allowance for estimated uncollectibles (1997 \$1,505; 1996 \$4,704)	9,718		18,750		28,477	24,400
Advanced interest receivable	357		2,400		2,052	2,400
Due from other governments	7,899				7,899	7,894
Due from other funds	14,104		175,435		180,539	162,608
Restricted assets:						
Cash			22,765		22,765	18,209
Temporary investments			192,329		192,329	308,828
Land and buildings				11,534	11,534	10,163
Equipment				257,198	257,198	236,075
Utility plant and equipment (net)			1,388,281		1,388,281	1,351,945
Total assets	\$208,266	\$	\$ 1,778,269	\$208,714	\$ 2,248,288	\$2,248,913

-continued-

VILLAGE OF SICILY ISLAND, LOUISIANA
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 1997
WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 1996

	Governmental Fund Type		Proprietary Fund Types	Account Groups	Totals	
	General	Capital Projects	Enterprise	General Fixed Assets	(Governmental only)	
					1997	1996
LIABILITIES AND FUND EQUITY						
Liabilities						
Accounts payable	\$ 5,892	\$	\$ 5,892	\$	\$ 16,000	\$ 12,123
Due to other funds	68,929		127,549		189,569	162,468
Payable from restricted assets:						
Consumer deposits			59,338		22,260	21,681
Accrued interest			15,267		13,907	13,968
Current portion bonds payable			7,000		7,000	13,000
Matured bonds payable			229,000		320,899	328,000
Total liabilities	<u>\$ 73,821</u>	<u>\$</u>	<u>\$ 329,239</u>	<u>\$</u>	<u>\$ 579,841</u>	<u>\$ 561,139</u>
Fund equity						
Contributed capital	<u>\$</u>	<u>\$</u>	<u>\$ 1,266,638</u>	<u>\$</u>	<u>\$ 1,266,638</u>	<u>\$ 1,266,638</u>
Investment in General Fixed Assets						
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 246,734</u>	<u>\$ 246,734</u>	<u>\$ 246,734</u>
Retained earnings						
Reserve for Debt Service	\$	\$	\$ 146,865	\$	\$ 146,865	\$ 146,865
Reserve for contingencies			29,298		29,096	23,293
Unaccrued			(168,552)		(168,552)	(148,094)
Fund balance - unaccrued	146,565				146,565	152,278
Fund balance - reserved						12,820
Total retained earnings/fund balance	<u>\$ 146,565</u>	<u>\$</u>	<u>\$ 65,611</u>	<u>\$</u>	<u>\$ 134,873</u>	<u>\$ 178,015</u>
Total fund equity	<u>\$ 146,565</u>	<u>\$</u>	<u>\$ 1,332,249</u>	<u>\$ 246,734</u>	<u>\$ 1,678,248</u>	<u>\$ 1,691,491</u>
Total liabilities & fund equity	<u>\$ 220,386</u>	<u>\$</u>	<u>\$ 1,701,488</u>	<u>\$ 246,734</u>	<u>\$ 2,248,289</u>	<u>\$ 2,248,973</u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF SICILY ISLAND, LOUISIANA

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE

ALL GOVERNMENTAL FUND TYPES

FOR THE YEAR ENDED JUNE 30, 1997

WITH THE COMPARATIVE AMOUNTS FOR THE YEAR ENDED JUNE 30, 1996

	Governmental Fund Types		Totals	
	General	Capital Projects	Compendium only	
			1997	1996
Revenues				
Taxes				
Ad valorem	\$ 7,614	\$	\$ 7,614	\$ 7,614
Franchise	6,354		6,354	6,528
Licenses and permits				
Occupational and Other permits	13,534		13,534	13,840
Intergovernmental				
Tobacco taxes	2,270		2,270	2,270
Beer taxes	1,447		1,447	1,592
Parish garbage taxes	82,550		82,550	82,550
Parish road taxes	13,030		13,030	12,994
State fire insurance rebate	3,919		3,919	3,941
State Street Grants			-	10,000
Federal Grants		57,380	57,380	108,780
Charges for services				
Garbage collection fee	5,292		5,292	5,260
Fire Department fee	3,850		3,850	3,890
Fines and forfeits	57,550		57,550	57,819
Other revenues	2,403		2,403	233
Total revenues	\$ 148,910	\$ 57,380	\$ 206,292	\$ 390,779
Expenditures				
Current				
General government	\$ 42,728	\$	\$ 42,728	\$ 40,540
Public safety				
Police	57,345		57,345	55,180
Fire	10,992		10,992	11,938
Kennels	7,999		7,999	9,144
Navigations	34,914		34,914	31,823
Capital outlay - construction		55,561	55,561	185,883
Total expenditures	\$ 153,988	\$ 55,561	\$ 209,549	\$ 385,917
Excess of revenues (expenditures)	\$ (17,478)	\$ 3,823	\$ (13,657)	\$ 4,862
Other financing sources				
Interest earned	\$ 4,962	\$ -	\$ 4,962	\$ 5,442
Total other financing sources	\$ 4,962	\$ -	\$ 4,962	\$ 5,442
Excess of revenues and other sources (expenditures)	\$ (13,416)	\$ 3,823	\$ (9,593)	\$ 3,000
Fund balance, beginning	153,878	13,833	167,711	147,358
Fund balance, ending	\$ 140,462	\$ 17,656	\$ 158,118	\$ 150,358

The accompanying notes are an integral part of these financial statements.

VILLAGE OF SICILY ISLAND, LOUISIANA
COMBINED STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 1997
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 1996

	<u>Enterprise</u>	
	<u>1997</u>	<u>1996</u>
Operating revenues		
Charges for services	\$ 160,579	\$ 162,059
Other operating revenue	8,228	7,038
Total operating revenues	<u>\$ 168,807</u>	<u>\$ 169,097</u>
Operating expenses		
Personal services	\$ 34,453	\$ 36,800
Natural gas purchases	47,490	55,368
Materials and supplies	15,451	11,957
Repairs and maintenance	4,542	580
Utilities and telephones	15,175	15,287
Insurance	3,872	3,819
Depreciation	48,002	41,819
Other operating expenses	21,323	14,836
Total operating expenses	<u>\$ 198,595</u>	<u>\$ 174,807</u>
Operating income (loss)	\$ (29,787)	\$ 15,290
Nonoperating revenue (expense)		
Interest earned	9,868	9,472
Interest expense and fiscal charges	<u>(16,370)</u>	<u>(17,862)</u>
Net income (loss)	\$ (16,509)	\$ 1,247
Retained earnings, beginning	<u>28,880</u>	<u>21,633</u>
Retained earnings, ending	<u>\$ 12,371</u>	<u>\$ 22,880</u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF SICILY ISLAND, LOUISIANA
COMBINED STATEMENT OF CASH FLOWS
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 1997
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 1996

	Enterprise	
	1997	1996
Cash flows from operating activities:		
Cash received from customers	\$ 177,044	\$ 189,800
Cash payments to suppliers for goods and services	(110,000)	(101,897)
Cash payments to employees for services	(34,453)	(30,890)
Net cash provided by operating activities	\$ 32,591	\$ 56,693
Cash flows from noncapital financing activities:		
Operating transfers to other funds	\$ (22,528)	\$ (39,214)
Net cash used for noncapital financing activities	\$ (22,528)	\$ (39,214)
Cash flows from capital and related financing activities:		
Contributions from LCDCB	\$ -	\$ 314,447
Principal paid on revenue bonds	(14,900)	(13,900)
Interest paid on revenue bonds	(16,983)	(17,526)
Purchases of equipment	(2,388)	(27,796)
Gas system improvements	-	(214,482)
Net cash used for capital and related financing activities	\$ (34,271)	\$ (69,261)
Cash flows from investing activities:		
Interest on temporary investments	\$ 3,587	\$ 3,654
Net cash provided by investing activities	\$ 3,587	\$ 3,654
Net decrease in cash and cash equivalents	\$ (18,200)	\$ (51,222)
Cash and cash equivalents beginning of year	\$ 284,178	\$ 315,400
Cash and cash equivalents at end of year	\$ 265,978	\$ 264,178
Reconciliation of operating income to net cash provided by operating activities:		
Operating income (loss)	\$ (28,857)	\$ 13,742
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	\$ 48,802	\$ 41,818
Change in assets and liabilities:		
Increase/ decrease in:		
Accounts receivable	3,651	(444)
Increase/ decrease in:		
Accounts payable	4,447	(512)
Customer deposits	4,545	525
Total adjustments	\$ 12,645	\$ 41,407
Net cash provided by operating activities	\$ 32,591	\$ 56,693

The accompanying notes are an integral part of these financial statements.

VILLAGE OF SICILY ISLAND, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 1997 AND 1996

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Sicily Island, Louisiana was incorporated April 21, 1955, under the provisions of the Louisiana Act. The Village operates under the Mayor-Board of Aldermen form of government and provides the following services as authorized by the Act: public safety (police and fire), streets, sanitation, gas, water and sewer utility service, public improvements, planning and zoning, and general administrative services.

The accounting and reporting policies of the Village of Sicily Island, Louisiana conform to generally accepted accounting principles as applicable to governments.

The following is a summary of certain significant accounting policies:

A. Financial Reporting Entity

This report includes all funds and account groups which are controlled by or dependent on the Village executive and legislative branches (Mayor and Village Council). The scope of the governmental entity included in this report was determined by applying the criteria established by Statement Number 14 of the Governmental Accounting Standards Board, "The Financial Reporting Entity". The application of these criteria revealed no additional governmental reporting entities which would be properly includable in this report.

B. Fund Accounting

The accounts of the Village of Sicily Island are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into three generic fund types and two broad fund categories as follows:

Governmental Funds -

General Fund

The General Fund is the general operating fund of the Village. It is used to account for all financial resources except those required to be accounted for in another fund.

VILLAGE OF SICILY ISLAND, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 1997 AND 1996

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Fund Accounting (continued)

Governmental Funds - (continued)

Capital Projects Fund

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Proprietary Fund

Enterprise Fund

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

C. Fixed Assets and Long-Term Liabilities

Fixed assets - All items of property, plant and equipment which do not constitute assets of the enterprise funds are recorded in the general fixed asset group of accounts. Such assets are maintained on the basis of original cost, and no depreciation is computed or recorded therein.

The Village does not capitalize public domain general fixed assets such as roads, drainage systems, sidewalks and similar assets which are immovable and of value only to the government.

Property, plant and equipment which constitute assets of the enterprise funds are recorded at cost, and depreciation based on the estimated useful lives of the individual assets is computed under the straight-line method. The estimated useful lives are as follows:

VILLAGE OF SICILY ISLAND, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1997 AND 1996

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Fixed Assets and Long-Term Liabilities (continued)

Buildings	40 years
Equipment	10 years
Gas distribution system	25 years
Water distribution system	40 years
Water tanks and wells	40 years
Sewer system	50 years

Long-Term Liabilities - The Village has no long-term liabilities payable from revenues of governmental type funds. All liabilities of proprietary funds (whether current or noncurrent) associated with their activity are included on their balance sheet.

D. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Taxpayer-assessed income, gross receipts, and sales taxes are considered "measurable" when in the hands of intermediary collecting governments and are recognized as revenue at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest on general long-term debt which is recognized when due.

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

E. Budgets and Budgetary Accounting

The Village did not adopt an operating budget for its General Fund as required by Louisiana Revised Statute for the year ended June 30, 1997.

VILLAGE OF SICILY ISLAND, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1997 AND 1996

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Cash and Investments

Investments are stated at cost and consist of demand deposit accounts, savings accounts and certificates of deposit. For purposes of the statement of cash flows, the Enterprise Funds consider all highly liquid investments (including restricted assets) with a maturity of six months or less when purchased to be cash equivalents.

The carrying amounts of the Village's cash and investments with financial institutions were \$447,687 and \$453,636 at June 30, 1997 and 1996. The bank balances were \$459,698 and \$473,630 at June 30, 1997 and 1996. The bank balances were categorized as follows:

	1997	1996
Amount insured by the FDIC	\$ 200,000	\$ 200,000
Amount collateralized with securities held by an independent financial institution's trust department in the Village's name	250,198	273,630
Required collateral - 100% of bank balance exclusive of FDIC insurance plus FDIC insurance	\$ 450,198	\$ 473,630

Investments made by the Village that are included on the balance sheet are summarized below. The investments that are represented by specific identifiable investment securities are classified as to credit risk by the categories described below:

- Category 1 - Insured or registered in the name of the Village and held by the Village.
- Category 2 - Uninsured but registered in the name of the Village and held by the Village.
- Category 3 - Uninsured and not registered in the name of the Village or held by the Village.

	Category			June 30, 1997	
	1	2	3	Carrying amount	Market value
Non-interest					
Bearing accounts	\$ 105,303	\$-	\$-	\$ 105,303	\$ 105,303
Certificates of Deposit and savings accounts	342,384	-	-	342,384	342,384
	\$ 447,687	\$-	\$-	\$ 447,687	\$ 447,687

VILLAGE OF SICILY ISLAND, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1997 AND 1996

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Inventories

For both governmental and proprietary funds, purchase of various operating supplies are regarded as expenditures/expenses at the time purchased, and inventories of such supplies (if any) are not recorded as assets at the close of the fiscal year. For the years ending June 30, 1997 and June 30, 1996, these amounts were considered to be immaterial.

H. Amounts Due to/from Other Funds

Amounts reflected as due to/from other funds, in all funds, represent short-term interfund receivables/payables and are considered "available spendable resources".

I. Accumulated Unpaid Vacation Pay

Accumulated unpaid vacation pay is accrued when incurred in proprietary funds (using the accrual basis of accounting). Such amounts are not accrued in the general fund (using the modified accrual basis of accounting), but normally would have been recorded in the general long-term debt group of accounts. For the years ended June 30, 1997 and 1996, these amounts were determined to be immaterial, therefore, no amount has been recorded.

J. Bad Debts

Uncollectible amounts due for ad valorem taxes and customers' utility receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available, which would indicate the uncollectibility of the particular receivable.

K. Comparative Data

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the Village's financial position and operations. However, comparative (i.e., presentation of prior year totals by fund type) data has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

VILLAGE OF SICILY ISLAND, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1997 AND 1996

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1. Total Columns on Combined Statements - Overview

These columns are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in accordance with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 2 - AD VALOREM TAXES

The Village annually levies ad valorem taxes in accordance with state statute for the fiscal year ended June 30. Tax bills are prepared and delivered in October with payment due from the date of receipt to the last day of February. Because of the due dates noted previously, ad valorem taxes are not considered to be available resources of the fiscal year to which they apply and are, therefore, not accrued as of the end of the fiscal year.

The Village bills and collects its own property taxes using the assessed values determined by the Tax Assessor of Catahoula Parish.

For the years ended June 30, 1997 and June 30, 1996, taxes of 3.24 and 3.24 mills were levied on property with assessed valuations totaling \$1,655,878 and \$1,028,487, respectively. Taxes were dedicated as follows:

	1997	1996
General corporate millage	3.24	3.24
Total taxes levied	\$ 7,088	\$ 3,428

VILLAGE OF SICILY ISLAND, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1997 AND 1996

NOTE 3 - INDIVIDUAL INTERFUND RECEIVABLES AND PAYABLES

A summary of individual receivables and payables reflected as "due to or due from" other funds follows:

Fund	June 30, 1997		June 30, 1996	
	Receivable	Payable	Receivable	Payable
General Fund	\$ 14,104	\$ 62,929	\$ 13,177	\$ 38,983
Reserve Funds				
Sewer Revenue Fund	19,468	11,376	6,818	13,177
Gas Revenue Fund	128,881	3,387	128,265	-
Water Revenue Fund	28,871	118,867	18,378	178,399
Total	\$ 189,924	\$ 195,983	\$ 165,638	\$ 330,469

NOTE 4 - DUE FROM OTHER GOVERNMENTS

Amounts due from other governmental units at June 30, 1997 and 1996 consisted of the following:

	1997	1996
Beer tax due from State of Louisiana	\$ 200	\$ 200
Fire insurance rebate due from Catahoula Parish	3,920	3,961
Road sales tax due from Catahoula Parish	1,670	1,060
Garbage sales tax due from Catahoula Parish	2,870	2,053
Total	\$ 6,660	\$ 7,674

NOTE 5 - RESTRICTED ASSETS - PROPRIETARY FUND TYPE

Restricted assets were applicable to the following at June 30:

	1997	1996
Revenue Bond Amortization Account	\$ 91,281	\$ 100,206
Revenue Bond Reserve Account	58,486	54,311
Revenue Bond Contingency Account	17,098	10,758
Consumer deposits	54,231	48,651
Total	\$ 215,096	\$ 213,926

VILLAGE OF SICILY ISLAND, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1997 AND 1996

NOTE 6 - GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

	Balance 7/01/96	Additions	Dispositions	Balance 6/30/97
Land and buildings	\$ 10,100	\$ 1,400	\$ -	\$ 11,500
Machinery and equipment	<u>320,025</u>	<u>21,121</u>	<u>-</u>	<u>341,146</u>
Total	<u>\$ 330,125</u>	<u>\$ 22,521</u>	<u>\$ -</u>	<u>\$ 352,646</u>

NOTE 7 - PROPRIETARY FUND TYPE PROPERTY, PLANT AND EQUIPMENT

A summary of changes in proprietary fund type property, plant and equipment for fiscal years ended June 30, 1997 and 1996 are as follows:

	Balance 7/01/96	Additions	Dispositions	Balance 6/30/97
Land	\$ 20,200	\$ -	\$ -	\$ 20,200
Building	24,539	-	-	24,539
Equipment	50,520	2,388	-	52,908
Distribution systems	813,036	-	-	813,036
Tanks and wells	71,710	-	-	71,710
Power plant	<u>804,000</u>	<u>-</u>	<u>-</u>	<u>804,000</u>
Total	<u>\$ 1,868,005</u>	<u>\$ 2,388</u>	<u>\$ -</u>	<u>\$ 1,870,393</u>
Less accumulated depreciation	<u>516,167</u>	<u>48,082</u>	<u>-</u>	<u>564,249</u>
Net	<u>\$ 1,351,838</u>	<u>\$ (45,694)</u>	<u>\$ -</u>	<u>\$ 1,306,144</u>

VILLAGE OF SICILY ISLAND, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1997 AND 1996

NOTE 8 - CHANGES IN LONG-TERM DEBT

The following is a summary of bond transactions of the Village for the fiscal years ended June 30, 1997 and 1996:

Revenue bonds payable at June 30, 1996	\$ 341,000
Principal retirements for the year ended June 30, 1997	<u>114,000</u>
Revenue bonds payable at June 30, 1997	\$ 227,000

Outstanding long-term debt of the Village as of June 30, 1997 and 1996 are as follows:

	<u>1997</u>	<u>1996</u>
Revenue bonds and notes		
\$120,000 Water Revenue Serial Bonds due in annual installments of \$5,000 to \$7,000 through April, 1997 with interest at 8-3/4%	\$ -	\$ 7,000
\$180,000 Sewer Revenue Bonds due in annual installments of \$4,000 to \$23,000 through September 1921 with 5% interest	<u>227,000</u>	<u>226,000</u>
Total	<u>\$ 227,000</u>	<u>\$ 341,000</u>

The annual requirements to amortize all debt outstanding as of June 30, 1997, including interest payments of \$256,700, are as follows:

Fiscal year ending June 30	Revenue bonds
1996	\$ 23,300
1997	23,000
2000	22,000
2001	23,300
2002	22,000
2003-2022	<u>458,400</u>
Total	<u>\$ 588,000</u>

As of June 30, 1997 and 1996, \$180,000 and \$177,004, respectively, was available in the Enterprise Funds and was restricted to debt service.

VILLAGE OF SICILY ISLAND, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1997 AND 1996

NOTE 8 - FLOW OF FUNDS, RESTRICTIONS ON USE - UTILITIES REVENUES

The Village of Sicily Island currently has one issue of Sewer Utility Revenue bonds outstanding. The flow of funds and restrictions on use are governed by the Bond Indenture, the terms of which are summarized as follows:

All of the income and revenue of the Sewer System shall be deposited as collected in a separate and special bank account designated as the Sewer Revenue Fund and shall be established, maintained and administered in the following order of priority, and for the following purposes:

- (1) The payment of all reasonable and necessary expenses of operating and maintaining the System.
- (2) The establishment of a Revenue Bond and Interest Sinking Fund sufficient in amount to pay promptly and fully the principal and interest on the bonds as they come due, by transferring from the Revenue Fund to the Sinking Fund on or before the 15th of each month, 1/4 of the amount of interest falling due on the next succeeding interest payment date, and 1/12 of the amount of principal falling due on the next succeeding date on which principal is payable.
- (3) The establishment of a Sewer Reserve Fund by transferring five percent (5%) of the amount transferred to the Bond and Interest Sinking Fund to said fund, until such time as there has been accumulated in said reserve fund, an amount of money equal to the highest combined principal and interest requirements for any succeeding twelve (12) month period.
- (4) The establishment and maintenance of a "Sewer Depreciation and Contingency Fund" to care for depreciation, extensions, additions, improvements and replacements necessary to operate the system properly by transferring to said fund the sum of ninety-seven dollars (\$97.00) per month. These transfers are to commence upon completion of the system.

NOTE 10 - RELATED PARTY TRANSACTIONS

During the years ending June 30, 1997 and June 30, 1996, the Village purchased gasoline and repair services from a business owned by the Mayor. These purchases violate the provisions of the Ethics Code of Officials of the State of Louisiana and are thereby prohibited under LSA 42:112. To comply with these Statutes could be an economic hardship upon the Village; therefore, there is strong justification that the practice could continue. During the year ending June 30, 1997, these transactions totaled \$8,043.

VILLAGE OF SICILY ISLAND, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 1997 AND 1996

NOTE 11 - COMPENSATION OF THE GOVERNING BOARD

The Governing Board of the Village of Sicily Island, Louisiana consists of a Mayor and three Aldermen. They received no direct compensation for the fiscal year ended June 30, 1997, but they were carried on the Village's group health insurance plan during the year. For the fiscal year ended June 30, 1997, the amounts of group health insurance provided on their behalf were as follows:

	1997
Ray Evans, Mayor	\$ 6,500
Betty Jenkins, Alderman	8,500
Jennie Mitchell, Alderwoman	2,315
Tim Ford, Alderman	-----
Total	\$ 19,315

**FINANCIAL STATEMENTS OF INDIVIDUAL
FUNDS AND ACCOUNT GROUPS**

GENERAL FUND

To account for resources traditionally associated with governments which are not required to be accounted for in another fund.

VILLAGE OF SICILY ISLAND, LOUISIANA
 GENERAL FUND
 COMPARATIVE BALANCE SHEETS
 JUNE 30, 1997 AND 1996

	1997	1996
ASSETS		
Cash	\$ 34,789	\$ 41,883
Temporary investments	142,419	127,569
Accounts receivable, net of allowance for estimated uncollectibles (1997 \$0; 1996 \$0)	0,718	0,058
Accrued interest receivable	357	372
Due from other governments	7,888	7,824
Due from Sewer Fund	11,777	13,177
Due from Water Fund	2,321	688
Total assets	\$ 309,280	\$ 196,380
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 5,389	\$ 3,329
Accrued liabilities	1,400	500
Due to Gas Fund	25,258	23,309
Due to Water Fund	25,071	16,773
Total liabilities	\$ 56,721	\$ 43,812
Fund balance		
Unreserved	\$ 140,559	\$ 152,570
Total liabilities and fund balance	\$ 309,280	\$ 196,380

The accompanying notes are an integral part of these financial statements.

VILLAGE OF SICILY ISLAND, LOUISIANA
GENERAL FUND
STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE

FOR THE YEAR ENDED JUNE 30, 1997

WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED JUNE 30, 1996

	<u>1997</u>	<u>1996</u>
Revenues:		
Taxes:		
Ad valorem	\$ 7,644	\$ 7,433
Franchise	6,354	6,095
Licenses and permits:		
Occupational and other permits	12,534	12,846
Intergovernmental:		
Tobacco taxes	2,276	2,276
Beer taxes	1,447	1,593
Parish garbage taxes	39,598	39,759
Parish road taxes	12,829	12,394
State fire insurance rebate	3,919	3,961
State Street Grant	-	15,998
Charges for services:		
Garbage collection fees	5,292	5,292
Fire Department fees	3,856	4,888
Fines and forfeits	37,536	37,019
Other revenue	2,465	212
Total revenues	<u>\$ 188,810</u>	<u>\$ 182,978</u>
Expenditures:		
General government	\$ 48,738	\$ 49,510
Public safety:		
Police	47,245	33,183
Fire	18,892	12,830
Streets	7,309	9,146
Sanitation	24,018	21,860
Total expenditures	<u>\$ 146,202</u>	<u>\$ 126,429</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 42,608</u>	<u>\$ 56,549</u>
Other financing sources (used):		
Interest earned	\$ 4,067	\$ 3,447
Total other financing sources (used)	<u>\$ 4,067</u>	<u>\$ 3,447</u>
Excess (deficiency) of revenues and other sources over expenditures	<u>\$ 46,675</u>	<u>\$ 60,000</u>
Fund balance, beginning	<u>153,928</u>	<u>147,898</u>
Fund balance, ending	<u>\$ 160,603</u>	<u>\$ 160,928</u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF SICILY ISLAND, LOUISIANA
GENERAL FUND

SCHEDULE OF EXPENDITURES

FOR THE YEAR ENDED JUNE 30, 1997

WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED JUNE 30, 1996

	<u>1997</u>	<u>1996</u>
General government		
Personal services	\$ 26,661	\$ 25,891
Materials and supplies	3,126	1,223
Professional fees	6,504	6,593
Insurance	2,141	2,968
Utilities and telephone	1,404	1,252
Other services and charges	2,514	1,444
Capital outlay	888	10,228
Total general government	<u>\$ 42,738</u>	<u>\$ 49,519</u>
Public safety		
Police		
Personal services	\$ 22,548	\$ 22,943
Materials and supplies	3,028	2,914
Professional fees	1,245	-
Insurance	4,024	2,888
Utilities and telephone	1,293	1,142
Other services and charges	2,469	1,739
Capital outlay	51,123	525
Total police	<u>\$ 53,240</u>	<u>\$ 31,161</u>
Fire		
Personal services	\$ 8,783	\$ 7,849
Materials and supplies	993	2,226
Professional fees	-	300
Insurance	3,977	3,447
Utilities and telephone	832	34
Capital outlay	545	-
Total fire	<u>\$ 15,030</u>	<u>\$ 13,856</u>
Total public safety	<u>\$ 68,270</u>	<u>\$ 45,017</u>
Streets		
Utilities	\$ 5,124	\$ 6,193
Materials and supplies	2,185	863
Total streets	<u>\$ 7,309</u>	<u>\$ 7,056</u>
Sanitation		
Personal services	\$ 21,842	\$ 24,244
Material and supplies	6,738	6,291
Insurance	314	1,053
Other services and charges	20	182
Total sanitation	<u>\$ 28,914</u>	<u>\$ 31,770</u>
Total expenditures	<u>\$ 139,388</u>	<u>\$ 139,354</u>

The accompanying notes are an integral part of these financial statements.

CAPITAL PROJECTS FUND**1985 LCDBG - Water Well Improvements**

To account for the construction of Water Well Improvements financed by a Federal Grant. Total Grant amount is \$118,710.

VILLAGE OF SICILY ISLAND, LOUISIANA
 CAPITAL PROJECTS FUND
 1991 LEADS WATER WELL IMPROVEMENTS
 COMBINING BALANCE SHEET

JUNE 30, 1997

WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 1996

	<u>1997</u>	<u>1996</u>
ASSETS		
Total assets	\$ _____	\$ _____
LIABILITIES AND FUND BALANCE		
Liabilities		
Retainage payable	\$ _____	\$ 3,800
Total liabilities	\$ _____	\$ 3,800
Fund balance		
Reserved	\$ _____	\$ (3,800)
Total liabilities and fund balance	\$ _____	\$ _____

The accompanying notes are an integral part of these financial statements.

VILLAGE OF SICILY ISLAND, LOUISIANA
CAPITAL PROJECTS FUND
1998 LEADING WATER WELL IMPROVEMENTS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 1997
WITH COMPARATIVE TOTAL FOR THE YEAR ENDED JUNE 30, 1996

	1997	1996
Revenues		
Intergovernmental		
LCDBG	\$ 57,386	\$ 68,821
Total revenues	\$ 57,386	\$ 68,821
Expenditures		
Capital outlays		
General and administrative	\$ 12,367	\$ 11,766
Engineering	-	22,765
Construction in progress	41,124	38,355
Total expenditures	\$ 53,491	\$ 72,886
Excess of revenues over expenditures	\$ 3,895	\$ (3,825)
Fund balance, beginning	12,825	-
Fund balance, ending	\$ 16,720	\$ (3,825)

The accompanying notes are an integral part of these financial statements.

ENTERPRISE FUNDS

Sewer Revenue Fund - To account for the provision of sewer services to the residents of the Village and some residents of the Parish. All activities necessary to provide such services are accounted for in this Fund.

Gas Revenue Fund - To account for the provision of gas services to the residents of the Village and some residents of the Parish. All activities necessary to provide such services are accounted for in this Fund.

Water Revenue Fund - To account for the provision of water services to the residents of the Village and some residents of the Parish. All activities necessary to provide such services are accounted for in this Fund.

VILLAGE OF SICILY ISLAND, LOUISIANA
ENTERPRISE FUNDS
COMBINING BALANCE SHEET

JUNE 30, 1997

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 1996

	Sewer Revenue Fund	Gas Revenue Fund	Water Revenue Fund	Totals	
				1997	1996
ASSETS					
Current assets					
Cash	\$ 8,900	\$ 14,951	\$ 14,220	\$ 38,071	\$ 41,238
Temporary investments		11,870	1,124	13,000	19,212
Accounts receivable, net of allowance for estimated uncollectibles 1997	5,217	4,022	6,538	15,777	19,419
\$0,000, 1996 \$4,780		355	818	2,953	3,034
Amounts receivable	1,184				148,691
Due from other funds	10,469	149,081	20,971	179,521	
Restricted assets					
Cash			22,768	22,768	18,208
Temporary investments	131,100	11,870	98,790	241,760	209,478
Total current assets	<u>\$ 145,860</u>	<u>\$ 178,872</u>	<u>\$ 145,860</u>	<u>\$ 469,372</u>	<u>\$ 458,518</u>
Fixed assets					
Plant and equipment (net)	\$ 212,721	\$ 228,260	\$ 238,522	\$1,480,201	\$1,231,980
Total assets	<u>\$ 358,581</u>	<u>\$ 407,132</u>	<u>\$ 384,382</u>	<u>\$1,949,573</u>	<u>\$1,690,518</u>
LIABILITIES AND FUND EQUITY					
Current liabilities					
Accounts payable	\$ 2,978	\$ 5,908	\$ 1,848	\$ 9,734	\$ 4,978
Due other funds	11,778	2,187	119,907	133,872	129,684
Payable from restricted assets					
Customer deposits		11,870	19,831	32,220	27,951
Accrued interest	23,907			23,907	23,900
bonds payable - current portion	3,880			3,880	19,880
Total current liabilities	<u>\$ 28,543</u>	<u>\$ 18,065</u>	<u>\$ 131,686</u>	<u>\$ 160,523</u>	<u>\$ 186,393</u>
Other liabilities					
Funds and notes payable - due after one year	\$ 220,000	\$ 18,000	\$ 180,000	\$ 428,000	\$ 389,000
Total liabilities	<u>\$ 248,543</u>	<u>\$ 36,065</u>	<u>\$ 311,686</u>	<u>\$ 588,523</u>	<u>\$ 575,393</u>
Fund equity					
Contributed capital	\$ 120,000	\$ 214,917	\$ 518,130	\$1,052,947	\$1,028,028
Retained earnings					
Reserve for debt service	\$ 21,267	\$ 0	\$ 49,788	\$ 120,805	\$ 144,561
Reserve for contingencies	39,999			39,999	39,200
Uncovered	1812,679	189,285	1118,120	1124,922	1143,999
Total retained earnings	<u>\$ 1102,945</u>	<u>\$ 189,285</u>	<u>\$ 668,113</u>	<u>\$ 1,903,826</u>	<u>\$ 1,367,760</u>
Total fund equity	<u>\$ 1202,945</u>	<u>\$ 214,917</u>	<u>\$ 567,243</u>	<u>\$1,956,772</u>	<u>\$1,395,718</u>
Total liabilities and fund equity	<u>\$ 368,488</u>	<u>\$ 58,082</u>	<u>\$ 878,929</u>	<u>\$1,545,295</u>	<u>\$1,071,111</u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF SICILY ISLAND, LOUISIANA
ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS
FOR THE YEAR ENDED JUNE 30, 1997
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 1996

	sewer	gas	water	Totals	
	Revenue	Revenue	Revenue	1997	1996
	Fund	Fund	Fund		
Operating revenues					
Charges for services	\$ 48,379	\$ 71,854	\$ 49,544	\$ 169,777	\$ 149,089
Other operating revenues			8,278	8,278	7,098
Total operating revenues	\$ 48,379	\$ 71,854	\$ 57,822	\$ 178,052	\$ 156,187
Operating expenses					
Personnel services	\$ 11,388	\$ 11,388	\$ 11,471	\$ 34,255	\$ 33,903
Natural gas purchases		47,480		47,480	55,508
Materials and supplies	2,541	5,888	7,822	15,251	15,847
Repairs and maintenance		1,288	2,244	4,042	585
Utilities and telephone	8,548	595	18,388	19,531	18,887
Insurance	881	528	4,588	5,997	8,009
Depreciation	18,508	51,488	18,528	88,524	81,833
Other operating expenses	4,884	2,897	11,022	21,803	14,888
Total operating expenses	\$ 48,514	\$ 85,588	\$ 85,933	\$ 219,938	\$ 224,883
Operating income (loss)	\$ 19,865	\$ (13,734)	\$ (7,111)	\$ (38,886)	\$ 10,142
Non-operating revenue (expense):					
Interest earned	4,840	1,880	5,810	8,530	9,479
Interest expense and fiscal charges	(18,187)		(888)	(19,075)	(17,883)
Net income (loss)	\$ (14,782)	\$ (11,854)	\$ (7,189)	\$ (38,831)	\$ 7,847
Retained earnings, beginning	181,737	151,138	158,582	291,457	211,533
Retained earnings, ending	\$ 166,955	\$ 139,284	\$ 151,393	\$ 252,626	\$ 219,380

The accompanying notes are an integral part of these financial statements.

VILLAGE OF SICILY ISLAND, LOUISIANA
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS
FOR THE YEAR ENDED JUNE 30, 1997
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 1996

	Sewer Revenue Fund	Gas Revenue Fund	Water Revenue Fund	Totals	
				1997	1996
Cash flows from operating activities:					
Cash received from customers	\$ 42,485	\$ 73,816	\$ 60,743	\$177,044	\$189,399
Cash payments to suppliers for goods and services	(14,828)	(58,493)	(35,084)	(108,405)	(101,897)
Cash payments to employees for services	(11,584)	(11,398)	(11,873)	(34,855)	(30,893)
Not cash provided by operating activities	\$ 15,875	\$ 3,928	\$ 12,588	\$ 32,391	\$ 56,688
Cash flows from noncapital financing activities:					
Depositing transfers to other funds	\$ (14,351)	\$ (1,230)	\$ (7,840)	\$ (23,421)	\$ (19,214)
Not cash used for noncapital financing activities	\$ (14,351)	\$ (1,230)	\$ (7,840)	\$ (23,421)	\$ (19,214)
Cash flows from capital and related financing activities:					
Capital contributed by LCDBG	\$ -	\$ -	\$ -	\$ -	\$216,447
Principal paid on revenue bonds	(7,000)		(7,000)	(14,000)	(13,000)
Interest paid on revenue bonds	(16,780)		(283)	(17,063)	(17,928)
Purchases of equipment, gas system improvements			(2,388)	(2,388)	(27,788)
Not cash used for capital and related financing activities	\$ (23,780)	\$ -	\$ (2,671)	\$ (26,451)	\$ (58,736)
Cash flows from investing activities:					
Interest on temporary and restricted investments	\$ 4,522	\$ 1,379	\$ 3,549	\$ 9,450	\$ 9,658
Not cash provided by investing activities	\$ 4,522	\$ 1,379	\$ 3,549	\$ 9,450	\$ 9,658

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VILLAGE OF SICILY ISLAND, LOUISIANA
 ENTERPRISE FUNDS
 COMBINING STATEMENT OF CASH FLOWS
 INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS
 FOR THE YEAR ENDED JUNE 30, 1997
 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 1996

	Sewer Revenue Fund	Gas Revenue Fund	Water Revenue Fund	Totals	
	<u>1997</u>	<u>1997</u>	<u>1997</u>	<u>1996</u>	<u>1996</u>
Net increase (decrease) in cash and cash equivalents	\$(17,299)	\$ 4,966	\$ (654)	\$(12,987)	\$(17,982)
Cash and cash equivalents, beginning of year	1137,414	33,788	112,936	1284,138	1318,457
Cash and cash equivalents, end of year	\$120,115	\$ 38,754	\$112,282	\$271,151	\$280,475
Reconciliation of operating income to net cash provided by operating activities:					
Operating income (loss)	\$ 43,335	\$113,300	\$111,422	\$268,057	\$ 35,152
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	\$ 18,555	\$ 11,421	\$ 18,926	\$ 48,902	\$ 41,819
Change in assets and liabilities:					
(Increase) decrease in:					
Accounts receivable	186	1,161	1,584	3,031	(466)
Increase (decrease) in:					
Accounts payable	349	1,848	(145)	4,447	(512)
Customer deposits	—	—	4,345	4,563	593
Total adjustments	<u>\$ 19,410</u>	<u>\$ 3,810</u>	<u>\$ 4,745</u>	<u>\$ 13,543</u>	<u>\$ 41,458</u>
Net cash provided by operating activities	\$ 16,925	\$ 1,825	\$ 12,588	\$ 32,588	\$ 56,609

The accompanying notes are an integral part of these financial statements.

VILLAGE OF SICILY ISLAND, LOUISIANA
SEWER REVENUE FUND
COMPARATIVE BALANCE SHEETS
JUNE 30, 1997 AND 1996

ASSETS	<u>1997</u>	<u>1996</u>
Current assets		
Cash	\$ 8,908	\$ 6,998
Accounts receivable, net of allowance for estimated uncollectibles (1997 \$499; 1996 \$1,626)	5,217	5,323
Accrued interest receivable	1,164	1,088
Due from Water Fund	17,298	6,013
Due from Gas Fund	2,167	-
Total current assets	<u>\$ 24,854</u>	<u>\$ 19,422</u>
Restricted assets		
Temporary investments	\$ 311,155	\$138,814
Total restricted assets	<u>\$ 311,155</u>	<u>\$138,814</u>
Fixed assets		
Plant and equipment (net)	\$ 648,781	\$682,256
Total assets	<u>\$ 1,204,830</u>	<u>\$812,691</u>
LIABILITIES AND FUND EQUITY		
Liabilities		
Current liabilities (payable from current assets)		
Accounts payable	\$ 2,979	\$ 3,320
Due to General Fund	11,776	12,377
Total current liabilities (payable from current assets)	<u>\$ 13,855</u>	<u>\$ 14,597</u>
Current liabilities (payable from restricted assets)		
Revenue bonds payable	\$ 7,000	\$ 6,988
Interest coupons payable	13,283	13,888
Total current liabilities (payable from restricted assets)	<u>\$ 20,283</u>	<u>\$ 19,886</u>
Long-term liabilities		
Revenue bonds payable	\$ 329,880	\$328,000
Total liabilities	<u>\$ 364,128</u>	<u>\$312,363</u>
Fund equity		
Contributed capital - Federal and State Grants	\$ 508,881	\$518,881
Retained earnings		
Reserved for Debt Service	\$ 81,197	\$ 97,221
Reserved for contingencies	29,998	33,288
Unreserved	(183,678)	(218,881)
Total retained earnings	<u>\$ (102,583)</u>	<u>\$ (103,382)</u>
Total fund equity	<u>\$ 406,298</u>	<u>\$445,329</u>
Total liabilities and fund equity	<u>\$ 789,880</u>	<u>\$812,691</u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF SICILY ISLAND, LOUISIANA
SEWER REVENUE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS
FOR THE YEAR ENDED JUNE 30, 1997
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 1996

	<u>1997</u>	<u>1996</u>
Operating revenues		
Charges for services	\$ 42,872	\$ 42,806
Total operating revenues	<u>\$ 42,872</u>	<u>\$ 42,806</u>
Operating expenses		
Personal services	\$ 11,294	\$ 8,499
Materials and supplies	2,541	1,818
Repair and maintenance	-	440
Utilities and telephone	8,249	6,774
Insurance	481	1,663
Depreciation	18,855	18,823
Other operating expense	<u>4,004</u>	<u>1,873</u>
Total operating expenses	<u>\$ 45,714</u>	<u>\$ 46,325</u>
Operating income (loss)	\$ (2,835)	\$ 579
Non-operating revenue (expense)		
Interest earned	4,606	4,334
Interest expense	<u>(16,107)</u>	<u>(13,841)</u>
Net loss	\$ (11,495)	\$ (11,868)
Retained earnings, beginning	<u>(87,732)</u>	<u>(121,868)</u>
Retained earnings, ending	\$ (109,227)	\$ (131,737)

The accompanying notes are an integral part of these financial statements.

VILLAGE OF SICILY ISLAND, LOUISIANA
SEWER REVENUE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS
FOR THE YEAR ENDED JUNE 30, 1997
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 1996

	<u>1997</u>	<u>1996</u>
Cash flows from operating activities:		
Cash received from customers	\$ 45,485	\$ 45,732
Cash payments to suppliers for goods and services	(14,800)	(18,889)
Cash payments to employees for services	(11,584)	(8,453)
Net cash provided by operating activities	<u>\$ 19,101</u>	<u>\$ 18,390</u>
Cash flows from noncapital financing activities:		
Operating transfers from (to) other funds	\$(14,351)	\$ 5,293
Net cash provided by (used for) noncapital financing activities	<u>\$(14,351)</u>	<u>\$ 5,293</u>
Cash flows from capital and related financing activities:		
Principal paid on revenue bonds	\$ (7,000)	\$ (5,000)
Interest paid on revenue bonds	(16,708)	(17,888)
Net cash used for capital and related financing activities	<u>\$(23,708)</u>	<u>\$(22,888)</u>
Cash flows from investing activities:		
Interest on restricted investments	\$ 4,523	\$ 4,248
Net cash provided by investing activities	<u>\$ 4,523</u>	<u>\$ 4,248</u>
Net increase (decrease) in cash and cash equivalents	\$(17,208)	\$ 4,997
Cash and cash equivalents, beginning of year	187,414	189,811
Cash and cash equivalents, end of year	<u>\$170,206</u>	<u>\$194,808</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income (loss)	\$ (3,305)	\$ 512
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	\$ 18,556	\$ 18,622
Change in assets and liabilities:		
Increase in accounts receivable	196	(175)
Increase (decrease) in accounts payable	248	828
Total adjustments	<u>\$ 19,000</u>	<u>\$ 19,275</u>
Net cash provided by operating activities	<u>\$ 18,936</u>	<u>\$ 18,955</u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF SICILY ISLAND, LOUISIANA
GAS REVENUE FUND
COMPARATIVE BALANCE SHEETS
JUNE 30, 1997 AND 1996

	<u>1997</u>	<u>1996</u>
ASSETS		
Current assets		
Cash	\$ 14,581	\$ 11,635
Temporary investments	11,875	10,758
Accounts receivable, net of allowance for estimated uncollectibles (1997 \$882; 1996 \$1,931)	4,822	5,888
Accrued interest receivable	325	399
Due from General Fund	35,957	23,288
Due from Water Fund	<u>33,844</u>	<u>193,296</u>
Total current assets	<u>\$130,704</u>	<u>\$355,164</u>
Restricted assets		
Temporary investments	\$ 31,375	\$ 31,375
Total restricted assets	<u>\$ 31,375</u>	<u>\$ 31,375</u>
Fixed assets		
Plant and equipment (net)	\$226,505	\$227,999
Total fixed assets	<u>\$226,505</u>	<u>\$227,999</u>
Total assets	<u>\$388,584</u>	<u>\$414,538</u>
LIABILITIES AND FUND EQUITY		
Current liabilities (payable from current assets)		
Accounts payable	\$ 6,299	\$ 1,547
Due to Sewer Fund	<u>2,165</u>	<u>-</u>
Total current liabilities (payable from current assets)	<u>\$ 8,464</u>	<u>\$ 1,547</u>
Current liabilities (payable from restricted assets)		
Consumer deposits	\$ 11,375	\$ 11,375
Total current liabilities (payable from restricted assets)	<u>\$ 11,375</u>	<u>\$ 11,375</u>
Total liabilities	<u>\$ 19,839</u>	<u>\$ 12,922</u>
Fund equity		
Contributed capital - Federal Grant	\$214,447	\$214,447
Retained earnings		
Unreserved	<u>165,265</u>	<u>177,173</u>
Total fund equity	<u>\$379,712</u>	<u>\$391,620</u>
Total liabilities and fund equity	<u>\$399,551</u>	<u>\$404,542</u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF SICILY ISLAND, LOUISIANA
 GAS REVENUE FUND
 COMPARATIVE STATEMENTS OF REVENUES, EXPENSES
 AND CHANGES IN RETAINED EARNINGS
 FOR THE YEAR ENDED JUNE 30, 1997
 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 1996

	<u>1997</u>	<u>1996</u>
Operating revenue		
Charges for services	\$ 71,856	\$ 88,344
Total operating revenue	<u>\$ 71,856</u>	<u>\$ 88,344</u>
Operating expenses		
Personal services	\$ 11,888	\$ 9,897
Natural gas purchases	47,489	51,168
Materials and supplies	5,868	760
Repairs and maintenance	1,309	-
Utilities and telephone	320	190
Insurance	428	-
Depreciation	11,421	4,209
Other operating expenses	<u>6,897</u>	<u>2,584</u>
Total operating expenses	<u>\$ 85,150</u>	<u>\$ 73,638</u>
Operating income (loss)	\$ (13,294)	\$ 14,706
Nonoperating revenue		
Interest earned	<u>1,288</u>	<u>1,281</u>
Net income (loss)	\$ (12,006)	\$ 13,425
Retained earnings - beginning	177,178	159,832
Retained earnings - ending	<u>\$165,172</u>	<u>\$173,257</u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF SICILY ISLAND, LOUISIANA
GAS REVENUE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS
FOR THE YEAR ENDED JUNE 30, 1997
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 1996

	<u>1997</u>	<u>1996</u>
Cash flows from operating activities:		
Cash received from customers	\$ 31,816	\$ 89,378
Cash payments to suppliers for goods and services	(58,493)	(59,231)
Cash payments to employees for services	(11,388)	(8,893)
Net cash provided by operating activities	\$ 2,935	\$ 21,254
Cash flows from noncapital financing activities:		
Operating transfer to other funds	\$ (1,323)	\$ (35,261)
Net cash used for noncapital financing activities	\$ (1,323)	\$ (35,261)
Cash flows from capital and related financing activities:		
Capital contributed by LADBG	\$ -	\$214,447
Purchases of equipment	-	(18,180)
Gas System improvements	-	(214,447)
Net cash used for capital and related financing activities	\$ -	\$ (18,180)
Cash flows from investing activities:		
Interest on temporary and restricted investments	\$ 1,378	\$ 1,366
Net cash provided by investing activities	\$ 1,378	\$ 1,366
Net increase (decrease) in cash and cash equivalents	\$ 4,991	\$ (36,521)
Cash and cash equivalents beginning of year	23,763	60,284
Cash and cash equivalents at end of year	\$ 28,754	\$ 23,763
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ (13,389)	\$ 10,399
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	\$ 11,421	\$ 4,298
Change in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	1,861	428
Increase (decrease) in:		
Accounts payable	3,843	67
Customer deposits	-	(480)
Total adjustments	\$ 17,925	\$ 5,123
Net cash provided by operating activities	\$ 2,935	\$ 21,254

The accompanying notes are an integral part of these financial statements.

VILLAGE OF SICILY ISLAND, LOUISIANA
 WATER REVENUE FUND
 COMPARATIVE BALANCE SHEETS
 JUNE 30, 1997 AND 1996

ASSETS	<u>1997</u>	<u>1996</u>
Current assets		
Cash	\$ 14,235	\$ 22,063
Temporary investments	5,794	5,458
Accounts receivable, net of allowance for estimated uncollectibles (1997 \$624; 1996 \$1,147)	5,520	3,194
Accrued interest receivable	818	848
Due from General Fund	<u>26,811</u>	<u>18,778</u>
Total current assets	\$ 52,178	\$ 52,338
Restricted assets		
Cash	\$ 22,166	\$ 18,360
Temporary investment	<u>68,180</u>	<u>68,487</u>
Total restricted assets	\$ 90,346	\$ 86,847
Fixed assets		
Plant and equipment (net)	\$426,605	\$451,863
Total assets	<u>\$961,569</u>	<u>\$885,128</u>
LIABILITIES AND FUND EQUITY		
Current liabilities (payable from current assets)		
Accounts payable	\$ 1,848	\$ 1,903
Due to General Fund	3,327	409
Due to Gas Fund	93,944	103,296
Due to Sewer Fund	<u>17,298</u>	<u>6,613</u>
Total current liabilities (payable from current assets)	\$116,417	\$112,221
Current liabilities (payable from restricted assets)		
Consumer deposits	\$ 20,851	\$ 10,308
Bonds payable - current portion	<u> </u>	<u>7,988</u>
Total current liabilities (payable from restricted assets)	\$ 20,851	\$ 18,296
Total current liabilities	<u>\$137,268</u>	<u>\$130,517</u>
Fixed equity		
Contributed capital	\$514,130	\$514,130
Total contributed capital	<u>\$514,130</u>	<u>\$514,130</u>
Retained earnings		
Reserve for debt service	\$ 45,788	\$ 47,340
Unreserved	<u>418,130</u>	<u>407,823</u>
Total retained earnings	\$463,918	\$455,163
Total fixed equity	<u>\$463,918</u>	<u>\$455,163</u>
Total liabilities and fund equity	<u>\$681,285</u>	<u>\$685,178</u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF SICILY ISLAND, LOUISIANA
WATER REVENUE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS
FOR THE YEAR ENDED JUNE 30, 1997
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 1996

	<u>1997</u>	<u>1996</u>
Operating revenues		
Charges for services	\$ 46,244	\$ 46,267
Other operating revenue	<u>8,278</u>	<u>7,090</u>
Total operating revenues	<u>\$ 54,522</u>	<u>\$ 53,357</u>
Operating expenses		
Personnel services	\$ 11,471	\$ 13,297
Materials and supplies	7,022	8,179
Repairs and maintenance	3,204	143
Utilities and telephone	10,298	8,117
Insurance	4,962	3,009
Depreciation	18,926	18,997
Other operating expenses	<u>11,922</u>	<u>4,991</u>
Total operating expenses	<u>\$ 68,833</u>	<u>\$ 66,683</u>
Operating loss	\$(14,311)	\$(13,326)
Nonoperating revenue (expense)		
Interest earned	3,816	3,847
Interest expense and fiscal charges	<u>(1265)</u>	<u>(523)</u>
Net income (loss)	\$ (7,760)	\$ (1,002)
Retained earnings, beginning	<u>488,562</u>	<u>489,564</u>
Retained earnings, ending	<u>\$ 480,802</u>	<u>\$ 488,562</u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF SICILY ISLAND, LOUISIANA
WATER REVENUE FUND

COMPARATIVE STATEMENTS OF CASH FLOWS
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

FOR THE YEAR ENDED JUNE 30, 1997
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 1996

	—1997—	—1996—
Cash flows from operating activities:		
Cash received from customers	\$ 60,743	\$ 52,794
Cash payments to suppliers for goods and services	(30,084)	(23,688)
Cash payments for personal services	(11,473)	(10,223)
Net cash provided by operating activities	<u>\$ 19,186</u>	<u>\$ 18,883</u>
Cash flows from noncapital financing activities:		
Operating transfers (to) from other funds	\$ (7,040)	\$ (9,228)
Net cash used for noncapital financing activities	<u>\$ (7,040)</u>	<u>\$ (9,228)</u>
Cash flows from capital and related financing activities:		
Principal paid on revenue bonds	\$ (7,000)	\$ (7,000)
Interest paid on revenue bonds	(233)	(236)
Purchase of equipment	(2,380)	(14,816)
Net cash used for capital and related financing activities	<u>\$ (9,613)</u>	<u>\$ (22,052)</u>
Cash flows from investing activities:		
Interest on temporary investments	\$ 3,032	\$ 3,888
Net cash provided by investing activities	<u>\$ 3,032</u>	<u>\$ 3,888</u>
Net decrease in cash and cash equivalents	\$ (400)	\$ (12,300)
Cash and cash equivalents beginning of year	112,936	125,234
Cash and cash equivalents at end of year	<u>\$112,536</u>	<u>\$112,934</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating loss	\$(11,422)	\$ (13,346)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	\$ 18,026	\$ 18,967
Change in assets and liabilities:		
Increase(decrease) in:		
Accounts receivable	1,584	(826)
Increase (decrease) in:		
Accounts payable	(145)	(907)
Customer deposits	4,345	150
Total adjustments	<u>\$ 24,810</u>	<u>\$ 17,384</u>
Net cash provided by operating activities	<u>\$ 24,810</u>	<u>\$ 24,813</u>

The accompanying notes are an integral part of these financial statements.

GENERAL FIXED ASSETS ACCOUNT GROUP

To account for fixed assets not used in proprietary fund operations.

VILLAGE OF SICILY ISLAND, LOUISIANA
 COMPARATIVE SCHEDULES OF GENERAL FIXED ASSETS
 BY SOURCE
 JUNE 30, 1997 AND 1996

	<u>1997</u>	<u>1996</u>
General fixed assets:		
Land and buildings	\$ 11,536	\$ 10,188
Machinery and equipment	_257,198	_232,073
Total general fixed assets	\$268,734	\$242,261
Investment in general fixed assets from:		
All sources prior to June 30, 1978	\$ 18,737	\$ 18,737
General Fund	116,827	84,871
Federal Grants	_133,070	_138,029
Total investment in general fixed assets	\$268,734	\$341,637

The accompanying notes are an integral part of these financial statements.

VILLAGE OF SICILY ISLAND, LOUISIANA
 SCHEDULE OF GENERAL FIXED ASSETS
 BY FUNCTION AND ACTIVITY
 JUNE 30, 1997

Function and activity	Total	Land and buildings	Machinery and equipment
General government			
Financial administration	\$ 15,473	\$ 10,888	\$ 4,585
Public safety			
Police protection	14,133		14,133
Fire protection	167,846	563	167,283
Streets	18,065		18,065
Sanitation	13,218	103	13,115
Total	\$ 358,735	\$ 11,554	\$ 247,196

The accompanying notes are an integral part of these financial statements.

VILLAGE OF SICILY ISLAND, LOUISIANA
 SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS
 BY FUNCTION AND ACTIVITY
 FOR THE YEAR ENDED JUNE 30, 1997

	General fixed assets <u>7/1/96</u>	<u>Additions</u>	<u>Dispositions</u>	General fixed assets <u>6/30/97</u>
General government				
Financial administration	\$ 18,585	\$ 888	\$	\$ 19,473
Public safety				
Police protection	39,018	21,123		60,141
Fire protection	167,299	545		167,844
Streets	18,065			18,065
Sanitation	<u>19,219</u>			<u>19,219</u>
Totals	\$ <u>238,176</u>	\$ <u>22,556</u>	\$	\$ <u>260,732</u>

The accompanying notes are an integral part of these financial statements.

ADDITIONAL REPORTS AND SCHEDULES

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MEMBERSHIP NO. 407140
 DATE FORM 90-40 000

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
 STRUCTURE BASED ON AN AUDIT OF GENERAL-PURPOSE
 FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
 GOVERNMENT AUDITING STANDARDS**

Mayor and Board of Aldermen
 Village of Sicily Island
 Sicily Island, Louisiana

We have audited the general-purpose financial statements of the Village of Sicily Island, Louisiana for the year ended June 30, 1997, and have issued our report thereon dated June 8, 1998.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement.

In planning and performing our audit of the general-purpose financial statements of the Village of Sicily Island, Louisiana for the year ended June 30, 1997, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statements and not to provide assurance on the internal control structure.

The management of the Village of Steilly Island, Louisiana is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are recorded in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures in the following categories:

1. Cash Receipts
2. Billings
3. Receivables
4. Cash Disbursements
5. Payroll

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general-purpose financial statements.

During the course of planning and performing our audit, we found that the size of the entity and limited number of personnel did not allow for adequate segregation of duties.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the general-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe that the reportable condition noted above is a material weakness.

This report is intended for the information of the management and the Office of the Legislative Auditor, State of Louisiana. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Atlas M. Diamond & Company, LLP

Metairie, Mississippi
June 8, 1998

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE BASED ON AN
 AUDIT OF GENERAL-PURPOSE FINANCIAL STATEMENTS
 PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING
 STANDARDS**

Mayor and Board of Aldermen
 Village of Sicily Island
 Sicily Island, Louisiana

We have audited the general-purpose financial statements of the Village of Sicily Island, Louisiana as of and for the year ended June 30, 1997 and have issued our report thereon dated June 8, 1998.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts and grants applicable to the Village of Sicily Island, Louisiana is the responsibility of Village of Sicily Island's management. As part of obtaining reasonable assurance about whether the general-purpose financial statements are free of material misstatement, we performed tests of the Village of Sicily Island's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the general-purpose financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

Material instances of noncompliance consist of failures to follow requirements, or violations of prohibitions, contained in statutes, regulations, contracts, or grants, that cause us to conclude that the aggregation of the misstatements resulting from those failures or violations is material to the general-purpose financial statements. The results of our tests of compliance disclosed the following instances of noncompliance described below that is material to the general-purpose financial statements but for which the ultimate resolution cannot presently be determined. Accordingly, no provision for any liability that may result has been recognized in the Village of Sicily Island, Louisiana's June 30, 1997 general-purpose financial statements.

Finding

The Village did not adopt a budget for its General Fund for the fiscal year ended June 30, 1997, as required by State law.

Recommendation

The Village should prepare and adopt a budget as required by State law annually, not only to comply with State law, but a useful tool for management in gauging financial performance during the year.

Response

The Village did prepare and adopt a budget for the fiscal year ending June 30, 1998, but not in a timely manner. The Village will comply for the fiscal year ending June 30, 1999.

We considered this instance of noncompliance in forming our opinion on whether Village of Sicily Island, Louisiana's general-purpose financial statements for the year ended June 30, 1997 are presented fairly, in all material respects, in conformity with generally accepted accounting principles, and this report does not affect our report dated June 8, 1998 on those general-purpose financial statements.

Except as described above, the results of our tests disclosed no additional instances of noncompliance that are required to be reported under Government Auditing Standards.

This report is intended for the information of management and the Office of the Legislative Auditor, State of Louisiana. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Walter M. Anderson & Company, LLP
 Natchez, Mississippi
 June 8, 1998

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DECEMBER 31, 1998

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INDEPENDENT AUDITOR'S REPORT ON
 SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

Mayor and Board of Aldermen
 Village of Sicily Island
 Sicily Island, Louisiana

We have audited the general-purpose financial statements of the Village of Sicily Island, Louisiana, as of and for the year ended June 30, 1997, and have issued our report thereon dated June 8, 1998. These general-purpose financial statements are the responsibility of the Village of Sicily Island, Louisiana's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was conducted for the purpose of forming an opinion on the general-purpose financial statements of the Village of Sicily Island, Louisiana, taken as a whole. The accompanying Schedule of Federal Financial Assistance is presented for purposes of additional analysis and is not a required part of the general-purpose financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general-purpose financial statements taken as a whole.

Stacy M. Simpson & Company, LLP

Natchez, Mississippi

June 8, 2009

VILLAGE OF SICILY ISLAND, LOUISIANA
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 1997

<u>Federal Grantor/Pass- Through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Program or Award Amount</u>	<u>Revenues</u>	<u>Expenditures</u>
U. S. Department of Housing and Urban Development					
Pass-Through State Department of Community Development:					
1995 Community Development Block-Grant States Program	14.219	101-0001	\$ 118,710	\$ 57,389	\$ 59,361
Total U. S. Department of Housing and Urban Development				\$ 57,389	\$ 59,361
Total Federal Financial Assistance				\$ 57,389	\$ 59,361

See independent auditor's report on schedule of Federal financial assistance.

SILAS M. SIMMONS & COMPANY, LLP
 Certified Public Accountants
 309 N. Commerce Street
 P.O. Box 1027
 Natchez, Mississippi 39121

ESTABLISHED 1910

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MANAGEMENT REPORT

MEMBER MISSISSIPPI STATE ASSOCIATION OF CPAs
 MEMBER MISSISSIPPI STATE ASSOCIATION OF CPAs

**Mayor and Board of Aldermen
 Village of Sicily Island
 Sicily Island, Louisiana**

We have audited the general-purpose financial statements of the Village of Sicily Island, Louisiana, for the year ended June 30, 1997, and have issued our report thereon dated June 8, 1998.

We conducted our audit in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

During the course of our audit, certain matters were detected which required the attention of management. These matters do not have a material effect on the general-purpose financial statements. Our findings and recommendations are as follows:

1. Finding

As noted in prior years, the Village is purchasing gasoline and repair services from a business owned by the Mayor. These purchases violate the provisions of the Kibbie Code of Officials of the State of Louisiana and are thereby prohibited under LSA 43:112. These transactions totaled \$9,043.82 for the year ended June 30, 1997.

Recommendation

We have noted this relationship in our prior year's management letters. Because of the Village's position that it would be an economic hardship to comply with these provisions, we previously recommended that the Village take the appropriate steps to strengthen its position. This was done during the fiscal year ended June 30, 1997.

Management's Response

It would be an economic hardship on the Village to comply with the above provisions.

2. Finding

The Louisiana Compliance Questionnaire has not been completed and adopted by the Village for the fiscal year ended June 30, 1993, as required by the Louisiana Legislative Auditor.

Recommendation

The Louisiana Compliance Questionnaire is an integral part of the audit of the Village of St. Charles Island's general-purpose financial statements. It is received by the Village each year after the Village has engaged an auditor. Upon receipt, the Village should complete the applicable portions of the questionnaire and then present it to the Board to be adapted by means of a formal resolution in an open meeting. It should then be given to the auditor at the start of the audit.

Management's Response

Management agrees with the recommendation and will comply in the future.

3. Finding

The Village's audited general-purpose financial statements were not completed and transmitted to the Legislative Auditor's Office within six months of the close of the fiscal year. The Village's records were not made available until May 1, 1996.

Recommendation

Because of this requirement, we recommend that the Village's management correct and close its books in a timely manner in order to provide time for the general-purpose financial statements to be audited and then transmitted to the Legislative Auditor's Office by December 31 each year.

Management's Response

The Village will comply in the future.

Other Prior Year Findings

During the prior year audit, we found one instance where the Village had not complied with the public bid laws. We noted no instances of noncompliance during our current year audit.

This report is intended for the information of management and the Office of the Legislative Auditor, State of Louisiana. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Attest: St. Charles & Company, LLP
 Natchez, Mississippi
 June 8, 1996

VILLAGE OF SICILY ISLAND

P.O. BOX 25

SICILY ISLAND, LA. 71368

June 28, 1998

MANAGEMENT'S CORRECTIVE ACTION PLAN

Office of Legislative Auditor
State of Louisiana
Post Office Box 94387
Baton Rouge, Louisiana 70804-0387

The management of the Village of Sicily Island, Louisiana offers the following "Corrective Action Plan" to the findings in the audit of its general purpose financial statements for the fiscal year ended June 30, 1997 as reported by Kilan M. Strassman & Company, LLP in its reports dated June 8, 1998.

INDEPENDENT AUDITOR'S REPORT**Finding**

The Village did not adopt a budget for its General Fund for the fiscal year ended June 30, 1997, as required by State law and generally accepted accounting principles.

Corrective Action Plan

The Village did adopt a budget for its General Fund for the fiscal year ended June 30, 1998, although it was not done in a timely manner. The Village is presently working diligently to prepare and adopt a budget for its General Fund for the fiscal year ended June 30, 1999.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE

Finding

The size of the Village of Stilly Island and its limited number of personnel does not allow for the adequate segregation of duties.

Corrective Action Plan

The Village will continue to try to strengthen other internal controls to offset this weakness. The costs of hiring additional personnel to eliminate this problem would be prohibitive.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE

(See comments under INDEPENDENT AUDITOR'S REPORT)

MANAGEMENT REPORT

Finding 1

The Village is purchasing gasoline and repair services from a business owned by the Mayor.

Corrective Action Plan

The Village still believes that it would be an economic hardship for the Village to comply with this provision because like supplies and services are not readily available locally. If these supplies and services become more readily available, the Village will comply with the Ethics Code provisions.

Finding 2

The Louisiana Compliance Questionnaire was not completed or adopted by the Village for the fiscal year ended June 30, 1997.

Corrective Action Plan

The Village will complete and adopt the Questionnaire for the fiscal year ended June 30, 1998.

Finding 3

The Village did not close its books in a timely manner in order to provide enough time for the general purpose financial statements to be audited and then transmitted to the Legislative Auditor's Office by December 31, 1997.

Corrective Action Plan

The fiscal year ended June 30, 1997 was the Village Clerk's first year in that position. Management intends to provide her with additional training through conferences and seminars. The Village is also discussing the possibility of providing her with additional help through the use of a municipal consultant. This consultant would also provide training to the Clerk.

The management of the Village of Sicily Island, Louisiana believes that the above corrective action plan will help resolve the findings contained with its audited general purpose financial statements for the fiscal year ended June 30, 1997. Should you have any questions or require additional information, please contact us. Thank you for your consideration in these matters.

Sincerely,


Raymond E. Smith, Mayor
Village of Sicily Island